



# State of the State Address

Governor Donald L. Carcieri

January 18, 2005

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Thank you Mr. Speaker, Mr. President, members of the General Assembly, my fellow general officers, members of the judiciary, my cabinet directors, distinguished guests and friends. And a special thank you to my family, and most especially, to my wife, First Lady, Sue Carcieri.

My fellow Rhode Islanders, two years ago we began a journey together – one I said had great potential. My message tonight is a simple one – the journey is getting exciting and this great state is on the move.

I am more optimistic than ever that the ship of state is turning, and we're beginning to chart a new and exciting course.

On all fronts, we are changing the direction of this state for the better.

As a result, my fellow Rhode Islanders, the state of our state is getting stronger by the day.

It's getting stronger because we have embraced change - change in the economy, change in the government, and change in the schools.

And that's altogether fitting ... because innovation and change are in our blood.

From our maritime heritage, to the industrial revolution, to the commercial heyday early in the last century, Rhode Islanders have always excelled as innovators.

In the recent past we seemed to have lost this spirit. The economy lagged while the government dragged. Cynicism prevailed as people lost faith, and our state lost direction.

But, in the last two years, we have set a new course with optimism, and a clear direction.

With energy and enthusiasm, we have set ourselves down four paths: good jobs, good schools, good government, and a good place to live.

Tonight, I will highlight the progress we have made, and the challenges we continue to face.

I know that change is difficult—in the hard work of reform, partisanship and self-interest can find refuge – and within that refuge, fester.

But we need look no further than the gallery of this chamber for the antidote.

Tonight, let us take a moment to remember the unselfish dedication of our brave soldiers, sailors, marines, and airmen, sons and daughters, husbands and wives, brothers and sisters, grandchildren. They are serving for us! They make us proud! They are heroes.

Tonight, we are honored by the presence of two of them.

Captain Samuel Maldonado,

Master Sgt. Jose Baltazar

Know that the cheers of thanks here in this chamber tonight are echoed across this state in gratitude for your service. We can never thank you enough and gratefully acknowledge your families for all their sacrifices.

Let us also remember with a moment of silence those brave Rhode Islanders who died in combat this year.

Staff Sargeant Christopher Potts  
Sergeant First Class Eric Minor

The sense of public duty of these service people should inspire us.

It is a powerful lesson for all public servants under this marvelous dome.

Tonight, let us begin anew.

Let us seize the spirit of patriotism, dedication, and optimism embodied in these heroes.

To my fellow public servants, I pledge my good will and dedication. The election contests are over.

My congratulations to the members of this General Assembly on your victories.

Speaker Murphy, President Montalbano, I extend to you both a promise to work with you to do what's right for the people of Rhode Island.

Meeting weekly for working lunches was a great way to discuss common concerns – let's start again!

Healthy disagreement, debate, leading to compromise has always been the American way.

Let's leave behind partisanship and take up a lively debate over issues and principles, and together lead this wonderful state forward.

## Good Jobs

I am excited to begin this year because we truly are a state on the move.

Everywhere I look, I see action, progress, and excitement.

Two years ago, I set an ambitious goal. I set a goal to create 20,000 net new jobs over four years. I stand here tonight to report that we are on target. As of December 31, we have created 9,300 net new jobs, and more are coming!

The world is discovering us ... and they are bringing jobs and opportunities with them.

Bank of America ... 900 jobs

Citizens Bank ... 525 jobs

Brooks/Eckerd Pharmacy ... 500 jobs

CVS ... 250 jobs

Senesco ... 250 jobs

Electric Boat ... 200 jobs

...and just today – Verizon...up to 500 jobs over the next two years.

That's 3,125 new jobs!! Most announced in just the last few months, and good-paying.

This progress does not happen by accident. We have demonstrated to the business community that we are a business-friendly state. That we are creative, responsive, and forward-thinking. And, it's paying off.

A recent front-page article in the Boston Sunday Globe said of Rhode Island: "...the State's economy is being transformed...from one of New England's slowest growing, to one of its fastest..."

Just look around. Across the state, we are rebuilding the infrastructure.

Two years ago, I launched the most ambitious construction program since we built the interstate highway system.

- We are moving Route 195 to allow the capital city to expand to the shoreline.
- The Sakonnet River and Washington Street bridges are being rebuilt.
- A commuter rail line is being expanded in South County.
- We are transforming Quonset Point into a modern business and technology park!!!
- .....and we are investing \$114M in our state university and colleges.

And the face of Providence continues to transform.

- Work has begun on G-Tech's gleaming new headquarters at Waterplace Park,
- The Masonic Temple is on its way to becoming a magnificent hotel linked to Veteran's Memorial Auditorium, and creating the new Avenue of the Arts.

Soon Capital Hill will look more beautiful than ever before.

- This year, I hope to see the sale of the state-owned Westin Hotel to private owners, resulting in a new \$50M, 200 room tower.
- Further, I hope to see the Dunkin' Donut Center refurbished to become a first-class facility that will compliment our beautiful convention center.

The historic tax credit program is rebuilding long-dormant mill properties in many cities and towns, providing both economic stimulus, and badly needed housing.

This year, I am also determined to break ground on new train station in Warwick and to move forward with a new one in Wickford. I want to see commuter rail extend from Boston to South County.

The new Warwick station will be a national model for inter-modal transportation, linking air, rail, and highway.

Altogether, these projects represent more than \$1 billion invested in Rhode Island.

But we will not rest on these achievements. We will push ahead with new ideas and action!!!

This year, I will introduce to this General Assembly a bold plan called the Jobs Partnership Act.

This plan will focus on both the small businesses that are the backbone of our jobs base, and the cutting-edge technologies, that will create the high-wage jobs of tomorrow.

We will look not solely to tax breaks to lure new jobs, but to creative solutions to the problems that entrepreneurs face.

We must provide small businesses access to capital so they can grow.

We must develop quality sites for emerging technology industries.

We must capitalize on our strengths in the marine and bio sciences by promoting research and facilitating innovation.

My Jobs Partnership Act does all of this!!

I am very bullish on our state's economic growth.

Good Government

I am also optimistic about efforts to reform state government. Here also, we are on the move!

In my inaugural address two years ago, I called the Separation of Powers amendment the foundation upon which we would build.

With the thundering approval of the voters, the Separation of Powers amendment is now the law of this land, a historic reform in our state.

In this 21<sup>st</sup> century of government, we finally will have clear lines of authority and accountability.

On behalf of the people of Rhode Island, I extend thanks to you in this chamber who made this possible!!

I also thank the people of Rhode Island for having the understanding and the foresight to overwhelmingly support this change.

But the work is not complete. We must implement these changes.

And we must throw open the doors of State government to all citizens who want to participate!

Beginning tonight, any Rhode Islander can apply to be appointed to dozens of boards and commissions by visiting my website.

I cannot promise that every applicant will receive an appointment, but I can promise a new way of doing business.

Good Government: Taxes and Spending

A good government lives within its means and does not overly burden its taxpayers.

But by any measure, Rhode Island's taxes are among the highest. The total tax burden is 6<sup>th</sup> highest in the country. Taxes in Massachusetts - once known as Taxachusetts—are now among the lowest, 40<sup>th</sup>.

To keep this economy growing, we must lower taxes so that Rhode Islanders keep more of what they earn.

To do that, I am developing a five-year tax reduction plan. This plan will be broad-based, benefiting as many Rhode Islanders as possible.

I will also propose that new lottery revenues be dedicated to direct property tax relief.

We must work together to make tax relief a priority.

In the coming months, you'll be hearing more about my tax plan.

But tax relief is impossible unless we get serious about controlling spending.

Two of the spending issues we must address this year are: state employee health care and pensions.

We are currently negotiating with all the major state employee unions for co-sharing of their health care premiums.

Rhode Island is one of only five states in the country where employees do not co-share. 45 states do. Massachusetts employees pay 20% of their premiums.

Since the vast majority of taxpayers co-share their premiums, it is only fair that those of us who work for them do as well. I look forward to working with union leadership to provide a fair deal for our employees as well as the taxpayers.

This year, I will also propose legislation to reform the state employee and teacher pension system. The annual costs are skyrocketing!

Without any reforms, the taxpayer bill for pensions will rise from \$188 million in the current year, to \$283 million next year, a \$95 million increase in one year!

This problem will only get worse as the number of retirees increases, while the number of active employees – those paying in – remains about the same.

This is an urgent problem and we must work together on a reform plan.

We must continue to innovate in the way we run government.

The Fiscal Fitness/Big Audit is doing just that.

The new health care contract for state employees will save the state \$25 million in administrative costs over the next three years.

In addition, the Big Audit is saving us \$27 million this year. Next year, we will save an additional \$23 million, for a total savings of \$50 million.

We need to reduce spending so that we can provide tax relief.

## Good Schools

We cannot build a prosperous state without good schools.

And the news here is positive. The focus on accountability and results is working!!

In statewide tests this year, students in all grades showed dramatic improvement in math and English.

In English, more than two thirds of elementary school students met the performance standard. In math, over half.

These results show progress and we are encouraged that we're moving in the right direction.

Good results will not happen without good teachers. Tonight, we have with us two of the best.

Althea Telford of Barrington Middle School, the 2005 Rhode Island Teacher of the Year.

Kathy Mellor of Davisville Middle School, the 2004 Rhode Island Teacher of the Year and our state's first ever National Teacher of the Year.

Sue and I were in the Rose Garden when Kathy was introduced by the President as the best teacher in America.

It is no coincidence that student performance is improving, as strict new accountability standards are taking hold.

Reform has not stopped there.

In the last two years, we invested in professional development programs for teachers;

We hired math and reading specialists to work with classroom teachers;

We are requiring a longer school day;

And, for the first time, we are implementing statewide learning standards for each grade that will be linked to our testing.

These reforms will make a difference.

I have new challenges for schools this year.

- First, we need a statewide basic curriculum that sets high standards in core subjects: reading, writing and math
- Second, we need to open up the teaching profession.

We need a strong alternative teacher certification program.

Our system discourages qualified professionals from second careers in teaching. We need to give them that opportunity.

- Third, merit pay for teachers is a reform whose time has come. We should reward teachers who are doing a great job. Let's begin that discussion now.
- Fourth, we need innovative ways to improve math and science skills. They are critical.

Let's make Rhode Island students the best in the nation in math and science.

Tonight I am announcing the creation of a Commission on Math and Science Education.

Dan Smith, President of Raytheon's Integrated Defense Systems division, has agreed to co-chair this effort with me.

The Commission will examine math and science education in Rhode Island, and recommend action steps to become a national leader.

Finally, reform also means providing parents with choice.

We now have eleven public charter schools serving 2,200 students, 90% of them from urban districts.

These schools are thriving. They thrive because they are innovative, challenging, and family-friendly. Every one of them met its performance targets this year.

But we don't have enough of them, particularly in urban communities. Over 500 students are currently on the waiting list to enroll in a charter school.

I will submit legislation removing the moratorium on charter schools passed last year. This moratorium is not fair to our children and we need to end it now.

Getting better education results means implementing these reforms, not spending a lot more money.

Our spending per pupil is already the seventh highest in the nation. The increase in state support for education over the last five years has averaged 6% a year, over twice the rate of inflation.

And, by the way, the level of state support for urban schools is one of the highest in the nation. The 5 urban core cities got almost \$80 million, 63% of the increase in those 5 years. So, let's find new ways to be more effective.

Reforming the state pension system will save school districts nearly \$18.5 million next year. Providence alone will save over \$3.0 million.

My new state health care contract will allow school districts to piggy-back on the states low-cost. Combining such purchasing will save municipalities additional millions.

We can do more with what we already spend.

When children graduate from high school, we need to help open the doors to our colleges and university.

Let's provide all Rhode Island students a chance at higher education.

Tonight, I propose a bold new \$20 million investment in scholarships ... A "Tuition Opportunity Program."

No qualified student should be denied admission to URI, RIC, or CCRI because he or she can't afford it.

We will cover the tuition costs of any Rhode Islander who is academically qualified, and in financial need. And we will provide extra incentives for students pursuing nursing and math/science careers.

We expect to help an additional 5,000 students each year.

If we really believe that "Kids Count", then let's put educational success for our children first.

Good Place to Live

Yes, Rhode Island is on the move for many reasons.

Our state's natural beauty is one of its biggest attractions.

Rhode Islanders have a deep love for our beautiful bay...our beaches, our rivers...and our open spaces.

To protect and nurture this, we have accomplished much this past year.

I established an unprecedented Bay Planning Commission led by my good friend, former governor, Joe Garrahy.

That Commission crafted an extraordinary blueprint for protecting Narragansett Bay ... our most precious natural resource.

And the voters resoundingly endorsed this work by approving a \$62 million Clean Water and Open Space bond.

Under the direction of the new Bay Coordination Team established by this Assembly, we will accelerate this work.

Tonight, I am announcing that my budget will include more than \$1 million specifically targeted at bolstering the capacity to monitor and protect the health of the Bay.

These investments, and many more, are as critical as any economic development project.

Health care is one of the greatest concerns we all have. Health care costs are rising dramatically, straining family budgets and compelling some to forego coverage altogether.

The good news is that we have made some real progress this year and more is on the horizon.

I have ordered state regulators to be more aggressive in defending the public interest when insurers seek rate increases.

Earlier this year, we negotiated a one-year freeze in the reserves of Blue Cross, which resulted in lower premium increases.

We also rejected a proposed rate increase for individual policies because it was not justified.

We have required insurers to stop wasting premium dollars on extravagant corporate perks.

I have recently recruited a new director for the Department of Health and have named the states first-ever Health Commissioner. Both are nationally recognized experts.

I will assemble this team into a new Health Care Cabinet.

The Cabinet will include high-level experts from within state government as well as others from the community.

This Cabinet will be charged with finding new ways to improve access to health care ... increase its quality ... and reduce its costs.

We will focus on innovative solutions, like....

- The new Health Care Technology Initiative which will replace old paper medical records with a statewide electronic system,
- Health savings accounts and low cost benefit plans which will broaden access to insurance,
- Medical liability reform, which will reduce the costs of health care,
- Small business purchasing groups which will make insurance more affordable,
- And a comprehensive plan to address the number of uninsured Rhode Islanders.

Not a simple task and not one that can be solved entirely by the state. But we will vigorously pursue this plan.

With more time, I would tell you about many of the other things we are doing to move Rhode Island forward:

- A Red Tape Reduction Taskforce
- A 20% reduction in workers comp rates
- A long-term regional solution to our energy needs ... without building new LNG terminals in heavily populated areas
- A new adult literacy system, with increased investments
- New ideas to address affordable housing
- A nursing home patient safety act to protect the most fragile seniors
- Partnerships with the non-profit community to address long-standing problems like homelessness, heating assistance, and the reintegration of ex-offenders into the community
- And so much more...

We're really on the move!

Two years ago I painted a picture of what I envisioned was possible for us.

Tonight I am confident and enthusiastic that Rhode Island is on the right track. The ship-of-state is changing direction.

The recipe for success is a tried and true one here in Rhode Island – innovation, reform, public service.

We will never be the biggest, but we can be the best!!

We can be the best because in this small state we are all neighbors. We know each other. Many of us grew up together. We travel the same roads, and go to the same beaches.

In such a small place, the sense of community is strong, and our purpose is unwavering.

After all, if the Red Sox can win the World Series, and the Patriots two Super Bowls – and working on number three! Surely we can make Rhode Island the shining star in the Northeast.

The place of exciting innovation --- where the action is ... that's Rhode Island!

We can do it. I believe in Rhode Island, I love Rhode Island, but I especially believe in Rhode Islanders.

May God bless Rhode Island, and God bless the United States of America.

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